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1. Message from the Minister

The mandate of the Office of Economic Development is to create the conditions for economic growth in cooperation with other departments and agencies, Crown corporations, business and development groups.

Over the past year, OED staff have successfully built many teams and alliances that are contributing to a better economic climate in Nova Scotia through outstanding programs and initiatives. For example, the Credit Union Small Business Loan Guarantee Program has put more than six million dollars into the hands of small business for their growth and expansion. OED is also supporting successful companies through investments from the Industrial Expansion Fund. These investments are creating more jobs and stimulating economic growth.

We are assisting Nova Scotia's business community through initiatives such as the popular Supplier Development Program. This program, with its reverse trade shows, procurement directory and Tender Opportunities Notification Service, to name only three elements, is providing valuable support to Nova Scotia's small-, medium- and large businesses as they compete for the one billion dollars in goods and services purchased each year by the public sector.

And staff are helping to ensure that the infrastructure for economic growth – such as broadband technology, community access points to information technology, and access to capital – is spread equally across the province and available to those who want to excel.

Through all these initiatives, OED has been part of the brightening economic picture in Nova Scotia. OED has done its part in helping to create thousands of new jobs in Nova Scotia last year; in the labour-force growth that outflanked the rest of the country in the first eleven months of 2004; in the rising employment and falling joblessness that are the new trends in Nova Scotia.

With a renewed commitment to our economic growth strategy, Opportunities for Prosperity, OED will strive to keep the numbers moving in the right direction, toward a more healthy, prosperous and self-sufficient Nova Scotia.

Ernest L. Fage
Minister
Economic Development

2 Message from the CEO

Over the past year, the Office of Economic Development has built up a strong momentum as the hub of economic policy within the Province.

With our partners inside government and out, OED has been helping Nova Scotia grow. The many programs and initiatives we've created together are improving our business climate. These include supplier development, investment funds for small business, the spread of dedicated business internet through an expanding broadband network, economic immigration and our vital partnership with regional development authorities.

In the coming year, we are determined to accelerate the momentum that is creating jobs and expanding the economy. We will place an emphasis on community development, trade, innovation and greater efficiencies in government information technology operations.

We will help communities respond to their own unique challenges and opportunities by supporting them with information, guidance and other resources as needed. We will help small- and medium-sized enterprises advance their potential to export through new programming. And we will keep boosting innovation in Nova Scotia as it remains key to our further expansion and growth.

Most of all, our efforts in 2005-2006 will be guided by our commitment to Opportunities for Prosperity, the cornerstone growth strategy on which the Province continues to build its diverse efforts to make Nova Scotia the best province in the country to live, work, do business and raise a family.

Paul Taylor
Chief Executive Officer

3 Mission

The Office of Economic Development (OED) is the focal point within the Province for developing and advancing the Province's economic, innovation, procurement, technology, and information management strategies.

Economic Development:

- OED works to create the conditions necessary for a thriving economy in Nova Scotia. To accomplish this, OED works with its partner agencies: InNOVAcorp, Nova Scotia Business Inc., Nova Scotia Film Development Corporation, Trade Centre Limited, Waterfront Development Corporation, as well as other agencies of government, to improve the business climate of Nova Scotia. OED also works with communities around the province to help build regional and provincial capacity for economic development.

Corporate Technology and Information Management:

- OED contributes to an effective, efficient and accountable public sector through technology and information management. This is accomplished through corporate leadership, consultation, and coordination.

Procurement:

- OED manages the consumption of goods, services, and construction for the Province and ensures that Provincial procurement is publicly accountable, competitive and fair.

4 Planning Context

OED takes on significant challenges in all of its work. Progress is dependent on the efforts of multiple public and private sector organizations. This represents a significant opportunity and challenge for OED

Provincial Economic Development - Environment and Strategies:

Nova Scotia has many assets. Nova Scotia's assets include a competitive business climate, internationally recognized educational institutions, prime geographic location, as well as modern telecommunications and transportation infrastructure. These and other factors have contributed to a relatively strong GDP and employment growth over the past few years. However, the economy of Nova Scotia faces a number of challenges in its future. These challenges include a rising Canadian dollar, a weakened U.S. economy, an aging workforce and increased competition from overseas countries.

The Province's efforts to manage economic threats and capitalize on opportunities are guided by two strategies - *Opportunities for Prosperity*, and *Innovative Nova Scotia*. By implementing these strategies, the Province works to create an environment for economic growth and builds capacity for economic growth.

The *OfP* vision is, a thriving Nova Scotia that by 2010 is the best place in Canada to live, work, do business, and raise families. Strategic directions outlined in *OfP* continue to guide the economic development efforts within OED. Copies of *OfP* are available at www.gov.ns.ca/econ/strategy/index.htm.

Innovative Nova Scotia, the provincial innovation policy framework, was developed to stimulate awareness of the importance of innovation in enhancing economic growth in Nova Scotia. The policy provides clear direction for government decision-making aimed at expanding provincial innovation capacity. Copies of *Innovative Nova Scotia* are available at www.gov.ns.ca/econ/innovativenovascotia.

Effective and Efficient Government - Environment and Strategies:

Effectiveness is about achieving desired outcomes. Efficiency is about limiting the amount of time and resources invested to achieve the outcomes. OED, principally through the Procurement and IT/IM functions, supports provincial efforts to provide effective and efficient government services. The IT/IM unit does so by providing provincial leadership and support for the implementation of the *Business and Technology Strategy*. (The *Business and Technology Strategy* is the Provincial IT community's strategy for aligning technology and information with Provincial priorities.) The Procurement unit does so through its efforts to ensure effective and efficient procurement processes.

Citizens and other Provincial departments have increased their service and information expectations. This fact, combined with an increasing desire to extend opportunities to the broader government community (i.e. municipalities, universities, school boards, and healthcare facilities), has placed additional pressures on existing Provincial resources, systems and processes.

5 Strategic Goals

- To strengthen leadership and coordination of strategies, policies, and initiatives in the key areas identified in *Opportunities for Prosperity* – to maximize the benefits of the Province's work
- To support regional economic development in partnership with provincial and community development organizations, the private sector, and other governments.
- To expand and grow the economy of Nova Scotia through innovation in all of the province's industries.
- To guide and leverage the Province's investments in technology, information, goods, and services to support effective and efficient government operations.

6 Core Business Areas

In addition to supporting OED's strategic goals, OED's four core business areas also support priorities from the government business plan.

Building Greater Prosperity

- Creating an Environment for Economic Growth
- Building Capacity for Economic Growth

Fiscal Responsibility and Accountability

- Corporate Technology and Information Management
- Procurement

Economic Development - Creating an Environment for Economic Growth

OED works to create an environment for economic growth in two key ways; by monitoring and influencing the investment, tax, and regulatory environment; and by working with other entities to identify opportunities and develop strategies for economic growth. The following initiatives illustrate the diversity and scope of OED's on-going efforts to create an environment for economic growth. Those initiatives are:

- monitoring and reporting on *Opportunities for Prosperity* progress.
- further developing the investment environment through the Equity Tax Credit Act, and
- encouraging capital formation (e.g. Labour Sponsored Venture Capital Corporations).

Economic Development - Building Capacity for Economic Growth

OED, assists specific communities, and the province as a whole, in building economic capacity in three main areas - financial capital, human and knowledge capital, and infrastructure. Capacity building efforts may target specific industries, strategic goals (e.g. innovation), or communities of interest. The following initiatives illustrate the diversity and scope of OED's on-going efforts in this core business area.

Financial Capital

- Community Economic Development Investment Funds (CEDIFs)
- Credit Union Loan Guarantee Program
- Industrial Expansion Fund (IEF) Administration

Human and Knowledge Capital (includes organizational support):

- Regional Development Authorities (RDAs)
- Provincial Employment Program (PEP)
- Support for industry sector groups to build regional capacity
- Support for communities of interest to build regional capacity (e.g. Black Business Initiative, Aboriginal Communities)
- Sustainable Communities Initiative
- Implementation of the Province's innovation agenda

Infrastructure:

- C@P Program
- Provincial Broadband Network (CANet4)
- Management of provincially owned business parks

Corporate Technology and Information Management

OED leads the implementation of the corporate technology and information strategy - the *Business and Technology Strategy*. This involves the development and maintenance of strategies, policies and standards for the corporate (enterprise) architecture - including the applications, information, and technical architectures. OED works closely with other departments to accomplish the corporate objectives.

Procurement

OED's Procurement unit ensures that the Province's purchases of goods, services, construction and facilities follow the principles specified in the *Government Procurement Policy*. Procurement serves all departments, agencies, boards and commissions. Procurement ensures an open and fair process that provides the highest degree of value to the province.

Core Business Area - Creating the Environment for Economic Growth

Brand Nova Scotia:

Brand Nova Scotia represents a cluster of communication, marketing, and business development functions that share the common goal of growing Nova Scotia's economy by promoting the best qualities of the place, the products, and the people. The achievement of this objective requires the efforts of many Provincial departments, with OED playing the lead role. The Province has committed to a three-year plan to get Brand Nova Scotia up and running.

The two-pronged approach to Brand Nova Scotia consists of specific targeted marketing activities and the development and use of the Brand Toolkit. The Brand Toolkit includes a visual identity program, a Nova Scotia presentation, photo suggestions, and communications materials. These tools will be used in the execution of multi-sector Nova Scotia awareness campaigns. They will be provided to individual public/private sector projects to help reinforce the brand messages when appropriate.

2005-2006 will be the second year of the plan and the focus will be on communications and alignment. There will be an emphasis on informing and engaging key government and business partners through a variety of communications efforts. Efforts will also be made to align government programs and policies with potentially conflicting messages.

Opportunities for Prosperity II:

Opportunities for Prosperity (OfP), the province's economic growth strategy, was launched in October 2000. Since then, *OfP* has guided the Province's economic development efforts. Progress reports have documented the Province's economic development activities and results. The priority for 2005-2006 is to update the province's growth strategies and launch a revitalized *OfP* for 2005-2010.

Export and Trade Strategy Implementation:

A Provincial Trade Committee with representation from NSBI, Agriculture & Fisheries, Economic Development, Energy, Environment & Labour, Intergovernmental Affairs, Natural Resources, and Tourism & Culture was struck to address provincial trade opportunities. That group guided the development of *Nova Scotia's Export Development Strategy (Going Global, Staying Local)* which was completed late in 2004-2005. OED lead the development of the strategy. The Provincial Trade Committee, and specifically Nova Scotia Business Inc, will implement the components.

Although government cannot generate sales or increase exporting directly, it can and should work with partners to create an environment in which trade can flourish. To that end, *Nova Scotia's Export Development Strategy* is intended to address ways in which the Province can support efforts to promote export growth. The strategy also identifies Nova Scotia's trade priorities to other partners including federal and municipal governments, and provides a foundation upon which to measure and evaluate success.

The initial phase of the implementation will focus on developing the export potential of small to medium sized enterprises (SMEs). The priority for 2005-2006 will be the establishment and launch of both the Export Expansion Program and the Service Export Program. Once launched, NSBI will be responsible for the delivery of the programs.

Core Business Area - Building Capacity for Economic Growth

Innovation:

OfP identified innovation as a key to expansion and growth of the economy. The increased commercialization of new ideas and processes is a priority for OED. Key objectives for 2005-2006 are to:

- better enable the province's researchers to pursue projects with economic benefits through a restructured Nova Scotia Research and Innovation Trust (NSRIT) fund;
- work with universities and colleges in identifying their role and impact in the provincial economy and their community;
- work with the cooperative sector on their Innovation Fund challenge to develop new products and markets,
- work with industry sector associations to help small to medium sized businesses access institutional research and commercialize new products,
- encourage the commercialization of university research through a Proof of Concept fund pilot; and
- make further recommendations to the Premier through the submission of the initial report from the Premier's Advisory Council on Innovation.

Community Development Policy - Implementation:

The *Community Development Policy* (CDP) was completed in 2004-2005. The CDP has four objectives:

- to clarify government and community roles in community development;
- to increase cooperation, coordination and collaboration among departments, between communities and departments, among governments, and among communities;
- to increase government and community capacity to understand and advance community development; and
- to develop an accountability framework to report on progress, ensure transparency and enable evidence- based decision-making in community development.

2005-2006 is the first year of an implementation that will span several years. Key objectives for 2005-2006 are to:

- prepare a three to five year plan for government support to community development;
- organize a community development conference in the fall of 2005 to showcase successful community development practices in Nova Scotia and publicize government's support for community development;

- work with other Provincial departments to identify opportunities to plan and deliver programs consistent with the *CDP* objectives;
- prepare proposals for an Advisory Council on Community Development;
- prepare capacity building programs for public servants working on community development projects; and
- identify policies which support or impede community development.

Skills and Learning Framework:

Work with the Department of Education and other stakeholders to develop a skills and learning framework. The framework will address the provincial productivity gap identified in the Voluntary Planning report entitled *Closing Our Prosperity Gap*. This project will be conducted in conjunction with the federal government.

Core Business Area - Corporate Technology and Information Management

IT Service Delivery Project:

The IT Service Delivery Project is a three-year project to examine all areas of government information technology operations. The objective is to identify areas in which to improve efficiency, reduce cost, and meet the changing demands for technology services in the public sector. This project will result in a long-term contract or contracts for some IT Operational Services in early 2007. The project is being conducted jointly by OED and TPW with consultation across government.

There are two key objectives for 2005-2006. The objectives are to recommend an IT service delivery model for the Province, and to issue tender(s) for those services that are best supplied by external providers

Advance the Information Management Strategy and Framework Implementation:

OED leads and supports the development of corporate information management policies, standards, and guidelines. In 2004-2005, OED lead the development of the Corporate Information Management Framework and Strategy. These documents will be completed and approved in 2005. Preliminary implementation of the strategy is a priority for 2005-2006. Specific objectives will be identified when the strategy has been approved.

Increase the Realized Value from the SAP Software Investment:

An Enterprise Resource Planning (ERP) application is software that supports multiple government (or business) functions (e.g. financials, human resources, procurement, etc...). The Province selected SAP as the provincial standard for ERP software and launched the SAP Public Sector Program in 2000. The licensing agreement entered into at that time included Provincial departments, municipalities, academic institutions, school boards, and the health sector. The mission of the SAP Public Sector Program is: to enable accountable, productive and sustainable government through the implementation of SAP across the Nova Scotia public sector. OED, through the Strategic Services unit, provides leadership for the SAP Public Sector Program.

Since 2000, the Province has capitalized on its investment and accumulated expertise in its efforts to achieve more effective and efficient government. Using SAP as a standard application enables business process improvements through the collaborative use of technology. These improvements often require large scale software implementations with significant process change. For example, Project eMerge is a project to implement SAP's human resource and payroll software in all Provincial departments and school boards. This project is scheduled for completion in 2005-2006. Other projects planned for 2005-2006 include;

- implementation of a governance model to support the sustainability of the SAP Public Sector Program,
- development of a resource strategy to support the sustainability of the SAP Public Sector Program,
- implementation of a framework to evaluate the SAP Public Sector Program, and
- development of a project management framework for SAP implementations.

Core Business Area - Procurement

Supplier Development:

The Supplier Development Program was initiated in 2004-2005 to help small businesses bid on government contracts by providing outreach services such as reverse trade shows. The priorities for 2005-2006 are to;

- build on early success through additional outreach activities, and
- secure the resources and structures necessary to ensure program sustainability.

Procure to Pay Process Improvement:

A "Procure to Pay" process encompasses all of the activities involved in selecting, ordering, receiving, and paying for goods and services. The Procurement unit completed a Procure to Pay Process Review late in 2003-2004. The review was conducted to identify opportunities to improve the "Procure to Pay" process within the Province. Implementation of the recommendations involves phasing in significant process and technology change over the next several years. Initial planning and scoping, and "quick hit" implementation began in 2004-2005. A comprehensive implementation plan will be completed early in 2005-2006. This plan will define specific implementation activities for 2005-2006.

Organizational Renewal:

Evolving client and operational requirements (e.g. Supplier Development, Procure to Pay recommendations) have placed new pressures on the existing Procurement unit. Through 2005-2006 OED will identify and begin to implement changes that will prepare the organization for emerging requirements while continuing to ensure an open and fair process that provides the best value to the province.

Human Resources

The 2005-2006 priorities will be delivered in a way that enables OED to continue to pursue its human resource priorities. Human resource priorities for 2005-2006 include:

- providing leadership development opportunities and planning for succession management;
- creating a high quality, diverse work environment that helps ensure the health, safety and well-being of OED employees;
- responding to the 2004 Corporate Employee Survey and the planned 2005 survey;
- implementing the French Language Services plan;
- continuing to ensure that employee performance reviews are completed;
- supporting and assisting in the development of continuous learning opportunities for employees; and
- ensuring employees are aware of how their work contributes to the OED goals and business plan.

8 Budget Context

Office of Economic Development - Estimated Budget Expenditures			
	2004-05 Estimate	2004-05 Forecast	2005-06 Estimate
	(Per 2004-05 Estimates Book)	(Per 2005-06 Estimates Book)	(Per 2005-06 Estimates Book)
	\$ Thousands	\$ Thousands	\$ Thousands
Ordinary Revenues	\$800	\$712	\$600
Total Program Expenses - Gross Current	\$45,134	\$63,138	\$51,275
Net Program Expenses - Net of Recoveries	\$38,798	\$56,452	\$45,273
Salaries and Benefits (Gross)	\$7,260	\$6,842	\$8,089
Funded Staff (FTEs) (Gross)	116.2	103.5	120.5
Funded Staff (FTEs) (Net)	112.3	97.7	115.0

9 Outcomes/Performance Measures

Developing outcome measures for OED's work poses challenges. Nova Scotians know whether the economy is performing when people are working and their salaries provide sufficient income to meet their needs. However, many of the factors behind sound economic performance are beyond the control of government or any one department. Nonetheless, OED will continue to set goals and measure progress towards them. OED's outcome measures are contained in the following pages.

The economic development outcome measures are taken from the *Business Climate Index*. The *Business Climate Index* is available at www.gov.ns.ca/econ/businessclimate/2003/.

Core Business Area - Creating the Environment for Economic Growth					
Outcome	Measure	Data	Target 05-06	Strategies to Achieve Target	
Competitive provincial climate for economic growth	National ranking of province / Atlantic Canadian ranking of province	2002-03 – 4 th / 1 st 2003-04 – 4 th / 1 st 2004-05 – 3 rd / 1 st	Maintain ranking	•	Monitor and report on <i>Opportunities for Prosperity</i> progress, • Develop <i>Opportunities for Prosperity II</i>
	Tax and fiscal environment conducive to economic growth	2002-03 – 2 nd / 1 st 2003-04 – 3 rd / 1 st 2004-05 – 4 th / 1 st	Maintain ranking	•	Further develop the investment environment through the Equity Tax Credit Act, • Monitor corporate and personal income tax • Monitor property and indirect tax

Core Business Area - Building Capacity for Economic Growth				
Outcome	Measure	Data	Target 05-06	Strategies to achieve target
Access to financial capital	National ranking of province / Atlantic Canadian ranking of province (from <i>BCI</i>)	Indicator - Venture Capital Ranking : 2002-03 - 8/3 2003-04 - 6/1 2004-05 - 8/2	Move to first in Atlantic Canada	- Encourage capital formation (e.g. Labour Sponsored Venture Capital Corporations) - Build on the Community Economic Development Investment Funds (CEDIFs)
	National ranking of province / Atlantic Canadian ranking of province (from <i>BCI</i>)	Indicator - Business Loans per Employee Ranking 2002-03 - 6/2 2003-04 - 6/2 2004-05 - 6/2	Move to first in Atlantic Canada	- Build on the Credit Union Loan Guarantee Program - Strategically use the Industrial Expansion Fund (IEF)
Development capacity ranking	National ranking of province / Atlantic Canadian ranking of province (from <i>BCI</i>)	2002-03 - 4 th / 1 st 2003-04 - 4 th / 1 st 2004-05 - 4 th / 1 st	Maintain ranking	- Implement the Community Development Policy - Continue the Sustainable Communities Initiative - Support the Regional Development Authorities (RDAs) - Support industry sector groups to build regional capacity - Support communities of interest to build regional capacity (e.g. Black Business Initiative, Aboriginal Communities)
Core Business Area - Building Capacity for Economic Growth				
Outcome	Measure	Data	Target 05-06	Strategies to achieve target

Business vitality ranking	National ranking of province / Atlantic Canadian ranking of province (from BCI)	2002-03 – 6 th / 2 nd 2003-04 – 6 th / 1 st 2004-05 – 3 rd / 2 nd	Move to first in Atlantic Canada	• Implement the Province's innovation agenda • Implement the Provincial Export and Trade Strategy • Implement Brand Nova Scotia • Continue with the C@P Program • Continue to build on the Provincial Broadband Network (CANet4)
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Core Business Area - Corporate Technology and Information Management				
Outcome	Measure	Data	Target 05-06	Strategies to Achieve Target
Increased value from Provincial investment in SAP solutions/software	Increased Provincial participation in SAP Public Sector Program	Indicator: Number of public service entities participating in program (cumulative)	2004-05 - TBD Target: 2005-06 - TBD	Complete eMerge implementation
		Indicator: Number of SAP modules implemented (cumulative)	2004-05 - TBD Target: 2005-06 - TBD	
Sustainable SAP Public Sector Program	Structures, strategies and resources in place to manage expanding program	Indicator: Annual budget 2004-05 - TBD	2005-06 - TBD	- Implement a strengthened governance model - Implement an IT project prioritization process - Implement a framework to evaluate the program - Develop a resource strategy - Develop a project management framework - Provide on-going support to the Business and Technology Advisory Group (BTAC) and IT Directors Forum (ITDF)

Core Business Area - Procurement				
Outcome	Measure	Data	Target 05-06	Strategies to Achieve Target
A procurement process that is open, fair, and obtains the best value for the province	Percentage of goods, services and construction obtained through competitive bid	2001-02 – 79% 2002-03 – 79% 2003-04 – 82% 2004-05 – TBD	2005-06 – Greater than 70%	Continue with procurement and the outreach user training, procedures and regulations used to carry out the procurement process.
	Average number of bids received (for each competition) through competitive bidding process	2001-02 – 7.2 2002-03 – 7.2 2003-04 – 7.5 2004-05 – TBD	2005-06 – Average greater than 7 bids per competition with a minimum of 3 bids per competition.	Continue supplier development and to ensure NS companies are aware and have access to public sector opportunities.
	Average time period (for each competition) during which bids are accepted	2002-03 – 21.3 2003-04 – 22.9 2004-05 – TBD	2005-06 – Maintain a minimum average response time of 15 calendar days	Monitor periods of competition to comply with the Atlantic Procurement Agreement and the Agreement on Internal Trade.



